

Financial management perspective of participating Tourest travel trade fair in Estonia. Case: Moon Travel Oy.

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Teacher(s) or supervisor(s) Anne Arkima, Jaana Melamies, Sirkka Hoikkala, Elizabeth SanMiguel & Teppo Varttala. <p>Moon Travel is a travel agency primarily selling air tickets, hotel rooms and holidays in Finland. The company has recently been growing, which consequently arises the need of internationalizing its operations beyond Finland. As a result, Moon Travel is considering expanding into the Estonian market and is planning to participate in the Tourest travel trade fair in Estonia. The idea is to visualize the company as a promising travel agency in front of potential customers and business partners in that particular market. However, the company is uncertain whether participating in Tourest would be financially worth the effort.</p> <p>Addressing the stated problem, the author researched the financial management perspective of attending the Tourest travel trade fair for Moon Travel. The author mainly focused on three important financial management issues of Tourest, namely, the assessment of the strategic planning process based on internal and external factors; the budget development process; and the measurement of the quantitative and qualitative outcomes.</p> <p>The author used a wide range of rich academic sources in order to find appropriate theories and models for this thesis. The author also conducted several interviews in order to find solutions for the stated problem. As the study is a pre-analysis of attending Tourest, the author presented most of the findings based on projections. The author used well-reasoned estimations and applied sensitivity analysis in order to show different views of possible outcomes. The whole process has been carried out based on educated guesswork and logical thinking. Last but not least, the author presented several implications and provided clear recommendations in order for Moon Travel to understand the financial management perspective of attending the Tourest travel trade fair in Estonia.</p>	
Keywords Tourest, financial management, travel trade fair, budgeting, estimation, return on investment, break-even, sensitivity analysis.	

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1 Introduction

Moon Travel Oy is a travel agency primarily selling airline tickets, holidays and hotel rooms to its customers. The company is positively growing in the recent years. Consequently, there has emerged a need of attracting new customer base internationally while retaining the domestic ones. As part of the growth strategy, the company feels that it should participate in the international travel trade fair to discover new business opportunities in terms of attracting new customer base and finding potential business partners. Therefore, the company plans to participate in the international Tourest travel trade fair in Tallinn, Estonia. It is a travel trade fair organized by Estonian Travel and Tourism Association; and Estonian Tourist Board every year. However, Moon Travel doesn't have any research based information whether attending Tourest would be a strategic decision for the company; and what process and method it should use to efficiently develop the budget and measure the success of that trade fair.

Addressing the stated problem, this author aims to research the financial management perspective of attending Tourest for Moon Travel Oy. More precisely, it is a pre-study of Tourest travel trade fair participation, which primarily provides financial processes and guidelines for taking strategic decisions for the case company. This is a research based thesis. The author conducted a number of interviews with professionals in relevant fields and used rich academic materials to support the arguments. As the final outcomes, the author presents the findings; provides recommendations; and discusses the shortcomings and the potential future developments of this thesis. Thus, the thesis will help Moon Travel to understand the Tourest travel trade fair participation from the financial management point of view and to take educated decisions regarding investing in the Tourest.

1.1 Research topic

The research topic of the thesis is “Financial management perspective of participating Tourest travel trade fair in Estonia. Case: Moon Travel Oy”. The author researches the problem based on 3 investigative questions and they are:

- a. What kind of audit does Moon Travel need to undertake while planning for Tourest in Estonia?
- b. How can Moon Travel effectively develop the budget for Tourest travel trade fair?
- c. What methods should Moon Travel apply in order to measure the outcomes of Tourest travel trade fair?

The author addresses the abovementioned investigative questions as to research the financial management perspective of attending Tourest travel trade fair in Estonia. The first research question assesses different external and internal factors that are essential to consider while planning for Tourest travel trade fair. Then, there is second research question which introduces a process along with other important factors in order to effectively develop the budget. In practice, it helps Moon Travel to estimate costs, revenues and break-even for the event. Finally, the third research question suggests some useful methods that will help Moon Travel to effectively measure the outcomes of participating in the Tourest travel trade fair.

1.2 Research scope

The research scope of the thesis has carefully been defined in order to keep its focus and to serve the purpose. For example, the topic is based on Moon Travel’s business need. The travel trade fair and the organizing country are also clearly defined i.e. Tourest in Estonia. In addition, participating in a travel trade fair can be analyzed from different perspectives e.g. strategic perspective, marketing perspective, management perspective and so forth. Being a financial management student, the author intends to analyze the Tourest travel trade fair attendance from the financial management point

of view. Thus, the author ascertains that the thesis topic is properly demarcated and also has a clear research scope.

1.3 Key concepts

Key concepts are indispensable to help readers clarify different terminologies and understand what the thesis is all about. This subchapter briefly defines the key concepts that are used throughout the thesis. The key concepts are discussed more thoroughly in the theoretical framework chapter.

Travel trade fair: Travel trade fair represents a place where travel professionals and potential customers meet face to face and develop a potentially advantageous relation. It offers unlimited opportunities to promote and sale the company's special destination or special product. (Mihai 2010, 1025.)

Financial management: Financial management is defined as decisions that concern the sourcing, planning, allocation, monitoring and evaluation of the money resource. The management of event finance is a process, a series of steps that starts with forecasting and setting up to monitor the event finances. (Allen, O'Toole, Harris & McDonnell 2008, 199-200.)

Budgeting process: A budget can be described as a quantified statement of plans which is expressed in numerical terms. The budget process includes costing and estimating income and allocating financial resources. (Allen et al. 2008, 204.)

Breakeven point: Breakeven point is the sales level at which operating income is zero. Breakeven point (BEP) can be used as a benchmark where sales below it result in loss and sales above this point are considered as a profit. (Braun, Tietz & Harrison 2010, 368.)

Sensitivity analysis: Sensitivity analysis is a 'what-if' technique that asks what results will be if actual prices or costs change or if underlying assumptions such as sales mix changes (Braun, Tietz & Harrison 2010, 376).

Return on investment (ROI): Return on investment is the measure of the financial return for investment in the event (Allen et al. 2008, 202). It measures the amount of income an investment center earns relative to the size of its assets (Braun, Tietz & Harrison 2010, 632).

1.4 Case company introduction

Moon travel is an IATA accredited travel agency. It is situated at Hämeentie 1 in Helsinki. The company started its operations in June 2004. The main product of Moon Travel is to sell holidays and airline tickets on behalf of different airline companies. The company also sells hotel accommodations depending on the need of customers. For instance, customers who travel to their home countries buy only the airline tickets. On the other hand, customers who travel for vacation or business purpose sometimes buy hotel accommodations in addition to their airline tickets.

About the current situation, Moon Travel has achieved a strong business reputation with many loyal customers. In general, the company has been doing quite well in terms of its revenues and growth. For example, the company has recently acquired a company named My Jet, which used to be a competitor of Moon Travel previously. It has also received twice the best seller award in Finland on behalf of Turkish Airlines, which is considered as a big milestone for the company.

1.5 Benefits to the case company

Moon Travel Oy is the main beneficiary of this thesis. In the following, the author discusses how the final outcomes of this thesis will benefit the case company:

- Moon Travel will particularly understand the benefits of being at Tourest.
- The case company will learn about different internal and external factors that influence the strategic plan development.
- Moon Travel will understand the budgeting process for Tourest in details; especially in terms of estimating costs, revenues and breakeven for the event.

- The company will comprehend how changes in the cost structure affect the breakeven in revenues.
- The company will learn different methods for evaluating the outcomes. More precisely, it will be introduced with several scenarios for doing profit sensitivity analysis and measuring the return on investment (ROI) of Tourest.
- Not all the benefits are quantitative or immediately realized. With the help of this thesis, the case company will also realize the method of measuring objective based return, which it can simultaneously achieve by attending Tourest.
- Overall, the case company can consider this study as a guide or benchmark for any future travel trade fair attendance.

2 Theoretical framework

“Leading companies understand that better financial performance comes from developing and executing good competitive strategies.” (Neely, Bourne & Adams 2003, 27.) In twenty first century, the way of doing business has radically been changed with the pace of globalization. The success of a business is no more confined to having great products or services. Having better financial management has prevailed in many cases. In many industries, trade fair is considered as one of the most indispensable means of promotion. Travel and tourism industry is certainly one of those. Attending travel trade fair allows a company to get potential business partners and clients under the same umbrella which alternatively helps increase new venture and hence profitability for the company.

In sub-chapter 1.1, the author mentioned the research topic and relevant investigative questions of this thesis. In chapter 2, the author introduces the theoretical framework that will help the readers to understand the thesis development process more effectively. As part of it, the author divided the whole theoretical framework based on the investigative questions and presented the relevant theories under each of them. The theoretical framework of this thesis is presented in Figure 1.

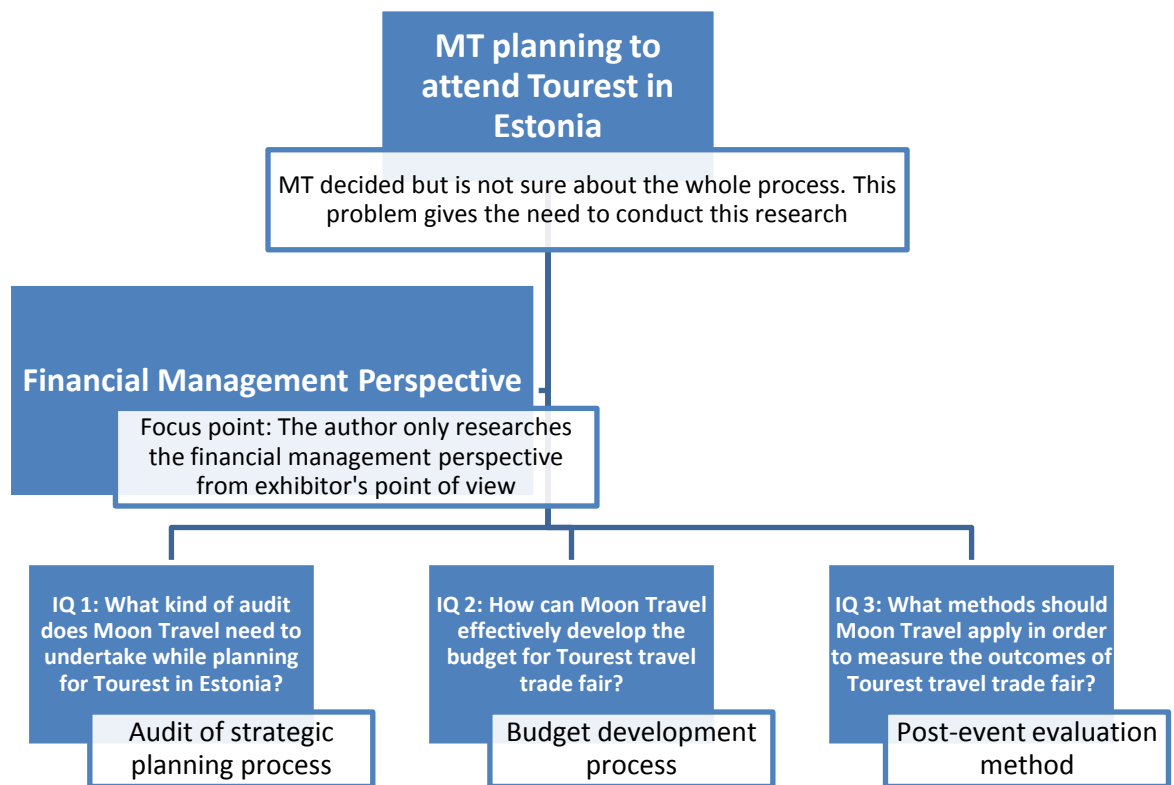


Figure 1. Theoretical framework of the thesis research process

2.1 Travel trade fair

Trade fair is an event where different types of businesses from the similar or complimentary industry participate in order to exhibit their services to prospective clients. As Mihai (2010, 1025) states, “Travel fairs offer unlimited opportunities to promote and sale the company’s special destination or special product. It represents a place where travel professionals and potential customers meet face to face and develop a potentially advantageous relation.” Mihai (2010, 1025-1026) defines the benefits of attending travel trade fair as follows:

- Create awareness of products/services with potential buyers.
- Evaluate the competitors.
- Research for demand.
- Generating sales.
- Enhancing the image of the company.
- Reach of a specific targeted public.

- Establishing a strong market presence.
- Distribution of brochures, catalogues, promotion objects.
- Enhancing marketing policies.
- Meeting face to face the customers, competitors and distributors.
- Evaluation of potential or new competitors/customers.
- Demonstrating products in ways not possible using other marketing channels.
- Recruiting new distributors.
- Education and information for targeted customers.

A company may not justify the revenues immediately after attending a travel trade fair but it can establish contacts, for example, which may bring new business opportunities and revenues in the future. Even a company can face to face meet its potential customers or business partners which would otherwise not be possible without attending a travel trade fair. (Mihai 2010, 1025-1026.) In many industries, competitions are unimaginably high and companies are forced to attend trade fair because their competitors are there. Thus, blocking the competition is another reason to participate in travel trade fair which may alternatively boost the financial performance for the companies. (Fenich 2005, 460.)

2.2 Audit of strategic planning process

An organization needs to identify a purpose to its existence, a meaning to its operation and a broad direction to follow. Likewise, a business organization is developed in order to create wealth especially for the investors who form and perpetuate that organization. It also needs to provide wealth for other stakeholders like employees, lenders and government who directly or indirectly contribute to that organization. While creating wealth, the organization must take advantage of opportunities that are available to them and avert potential threats in order to sustain in the long run. The organization must ensure that it optimizes the resources that it has. Doing so, the organization must develop strategic plans for each of its activities. (Owen 1998, 298.)

Allen et al. (2008, 90) define strategic planning as the process of determining the current position as well as the favorable future position in the industry so that the organization can maximally progress its mission and create strategies and tactics to achieve that position. In other words, strategic planning involves with the end results and the ways to achieve those results.

As Owen (1998, 298) states, every strategic plan emerges from two distinct but inter-dependent audits and they are 1) Audit of external environmental influences and 2) Audit of internal resources. It is important that companies carry out these two audits and assess them carefully while planning for any project or event. By evaluating the environmental influences (opportunities and threats) and the resource constraints (strengths and weaknesses), a company can easily put the strategic plan together and set itself on the proper course in the hope of reaching its goals in the end. This type of audit is widely known as strengths, weaknesses, opportunities and threats (SWOT) analysis. (Owen 1998, 298.) The concept is depicted in Figure 2.

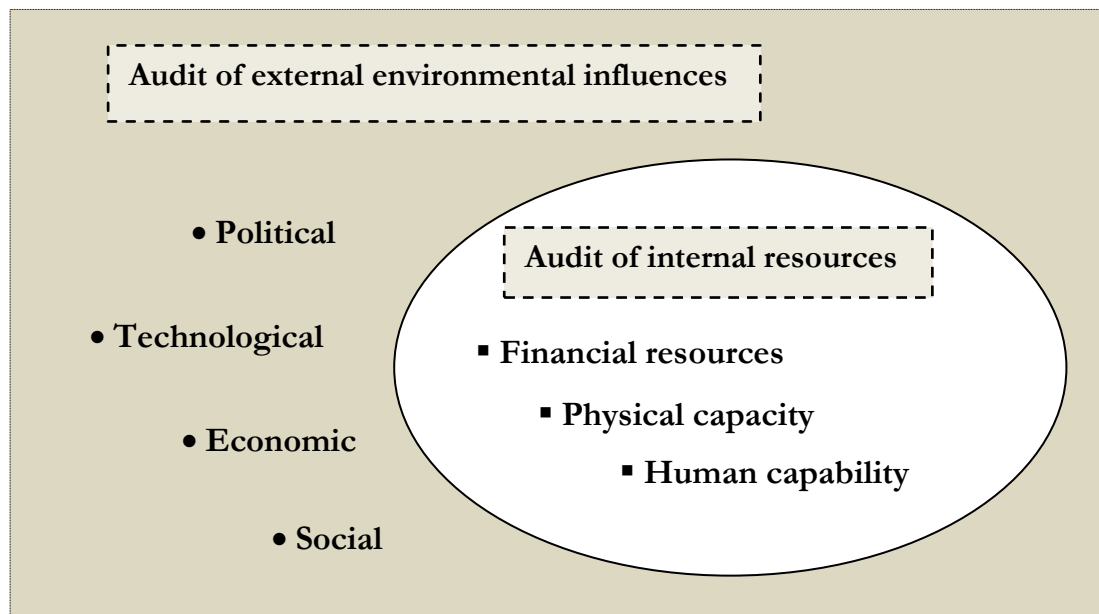


Figure 2. Auditing of external environmental influences and internal resources (Owen 1998, 298-299)

2.2.1 Audit of external environmental influences

In order to do the audit of external environmental influences, a company must initially decide what business it intends to get in. The company needs to reevaluate this decision periodically in the form of external and internal developments. While deciding about the products or services that it wants to offer to the market, a company should also take into consideration on the prevailing environmental influences and the resources available to it. To give this concept a clearer picture, several external environmental factors are mentioned below. In the following list, it is shown how these external environmental factors have influence over tourism, leisure and hospitality industry, for example. (Owen 1998, 298.)

- **Exchange rate** affects the number of tourist and level of their expenditure in a certain country.
- **Socio cultural values** influence the growth of healthy eating habits and physical exercise.
- **Government policy** affects the duties of imported products.
- **Business competition level** influences the number of businesses e.g. restaurants in a certain area.

All these factors have direct and strong influence on the strategic operations of a company; and the products and services it has to offer. Therefore, the company needs to carry out the audit of its external environmental influences as the environmental influences tend to change constantly as a result of political, social, technological and economic trend. The auditing of external environments is often referred as examining the potential opportunity or threat to a company. (Owen 1998, 298.)

2.2.2 Audit of internal resources

External environmental influences are usually beyond the control of a company. Therefore, a company must audit the internal resources e.g. its own physical resources in response to the external environmental influences. In practice, the internal audit im-

plies the audit of a company's strengths and weaknesses. An internal resource audit usually involves the following items:

Examination of financial resources: the company examines if it has required financial resources available; it can afford the pre advertising and promotional hype of an event; it can finance certain project to start production and to sustain long enough until it moves into profit and so forth.

Examination of physical capacity: the company examines the size of infrastructure; capacity of infrastructure and machinery; the number of products to be made; the number of customers to be accommodated etc.

Examination of human capability: the company examines if it has got proper kind of employees; the employees possess necessary skills and experience to support and execute activities; the convincing and adaptability power of employees are in line with the requirement for a certain project and so on. (Owen 1998, 299.)

2.3 Budget development process

O'Toole (2011, 197) defines a recommended process of event budgeting which consists of 7 consecutive steps. However, the author feels that discussing only step 2 to 5 is the most relevant in budgeting part. Therefore, the steps with grey background in Figure 3 will only be discussed in this chapter.

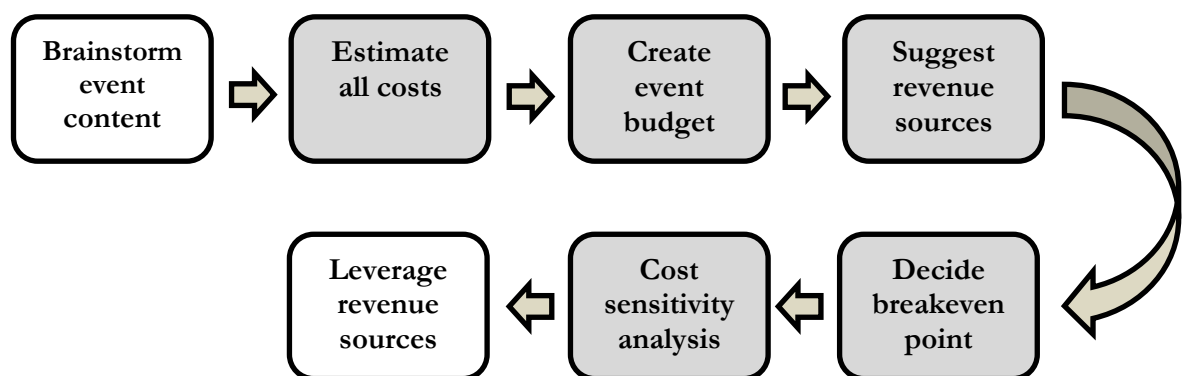


Figure 3. The process of event budgeting through financial management (O'Toole 2011, 197)

2.3.1 Cost estimation

In most cases, the cost estimation is done through quotations and expert judgments. Companies must clearly define the scope an event in order to predict, monitor and control the costs more precisely. Costs can be estimated based on its nature e.g. direct cost or indirect cost; unique cost or standard cost; fixed cost or variable cost; onetime cost or recurring cost and so forth. The estimation of costs based on different classifications helps companies to monitor and control their costs more accurately. (O'Toole 2011, 198.) While estimating costs, exhibitors shouldn't only consider the costs that occur during the event. There are also many important costs that take place even before and after the event. Thus, costs can also be estimated based on different phases (Figure 4) of an event e.g. pre-event, over the event and post event costs. (Mihai 2010, 1028.)

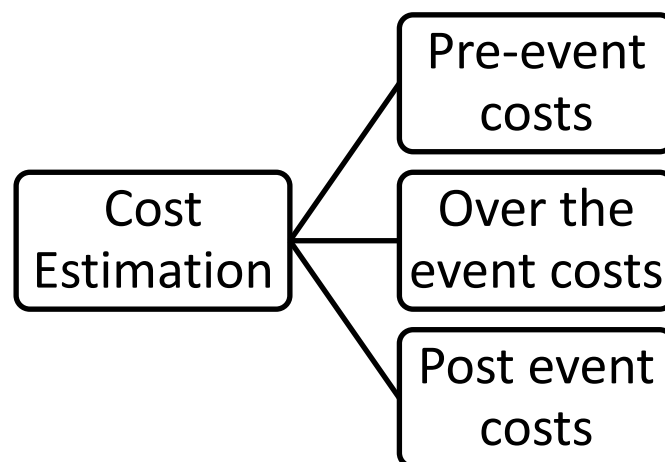


Figure 4. Cost estimation based on different phases of event (Mihai 2010, 1028)

McLaurin and Wykes (1997, in Fenich 2005, 49) lists a number of possible cost items such as administrative overhead, registration materials, signs, posters and banners, room rental, temporary staff, staff travel and expenses, food and beverage, promotion, insurance and so forth. To stick to the budget and to achieve the financial objectives, companies should apply cost control measures. Companies often use parametric methods such as cost per head for conference or cost per square meter for exhibition in order to control cost (O'Toole 2011, 198).

2.3.2 Create an event budget

A budget can be described as a quantified statement of plans, which is expressed in numerical terms (Allen et al. 208, 204). Zero-based budget or ‘starting with nothing’ is commonly used for special event budgeting (O’Toole 2011, 198). Zero-based budgeting is “a method that begins each new budgeting cycle from a zero base, or from the ground up, as though the budget were being prepared for the first time.” (Harvard Business School Press 2005, 163.) In this budgeting method, all the cycles go through a critical reviewing process for every assumption and suggested expenditure. The advantage of using zero-based budgeting is that it requisites a more in-depth analysis of each line item e.g. considering objectives, exploring alternative options and justifying their requests. About the disadvantage, zero-based budgeting can be extremely time-consuming as this budgeting process is more analytic and thorough. (Harvard Business School Press 2005, 163.)

2.3.3 Suggest revenue sources

As budget constraint is one of the noteworthy challenges in trade fair, successful exhibitors always put efforts to generate revenues from the event in order to partially offset the cost. There are plenty of ways to fund trade fairs e.g. corporate or association funding, private funding from individuals, registration fees or ticket sales, sponsorships, selling logo merchandise, advertising fees, such as banners or ads in the convention program and establishing “official partnerships” with other companies to promote their products for a fee or percentage of their revenue. (Fenich 2005, 50.) Revenue generation from events is also considered as **in-kind cost reduction**. Resource planning has a direct relationship with the revenue generation. Contracting suppliers in most cases reflects the amount and timing of incoming revenues. Besides the revenue generation from ticket sales and merchandise has a direct proportional relation to the number visitors and event demographic. Therefore, the certainty in the number of visitors creates a certainty in the revenue generation. Getting sponsorship is also a great way to subsidize the event costs. However, investors are not willing to sponsor unless the event has become a level of importance or hold a great possibility to become a success. (O’Toole 2011, 196.)

2.3.4 Decide breakeven point

“Breakeven point is the sales level at which operating income is zero.” (Braun, Tietz & Harrison 2010, 368). Breakeven point (BEP) can be used as a benchmark where sales below it result in loss and sales above this point are considered as a profit. There are three approach of calculating BEP. The shortcut approach using the contribution margin ratio is more useful for companies that has multiple and complex product lines. Dividing fixed costs by the contribution margin ratio results breakeven in revenues. (Braun, Tietz & Harrison 2010, 368.) The formula is shown below.

$$\text{Breakeven in Revenues} = \frac{\text{Fixed expenses} + \text{Operating income}}{\text{Contribution margin ratio}}$$

2.3.5 Cost sensitivity analysis

According to Braun, Tietz & Harrison (2010, 376), “**Sensitivity analysis** is a ‘**what-if**’ technique that asks what results will be if actual prices or costs change or if an underlying assumption such as sales mix changes.” There is always possibility that changes will take place although a trade fair is sophisticatedly planned. Therefore, every trade fair plan should include several assumptions because of rapid changes in business environment. The changes can be external e.g. political or economic; or internal e.g. staff or the event program. Change can take place in the sales price which consequently affects the contribution margin. On the other hand, changes in the fixed cost and the variable cost may also happen. Costs can unpredictably change because of changes in airline ticket price, exchange rate, sponsor withdrawal and extraneous artists’ expenses. The wise trade fair exhibitors are aware of the effect of any changes. Therefore, companies sometimes add 10-15 per cent contingency in their budget. The contingency amount means the expected changes in the budget estimation. (Allen et al. 2008, 217; Braun et al. 2010, 376.) As the forecasting is a mere estimation process and doesn’t have certainties, it is better to use **3 case scenarios** e.g. a high estimation meaning the better case scenario, medium estimation meaning the expected scenario and low estimation meaning the worst case scenario (Jones, Atkinson, Lorenz & Harris 2012, 239).

2.4 Post-event evaluation method

Post-event evaluation can be defined as the process of “measuring the success of an event in terms of its objectives by collecting and analyzing relevant data from the event.” (Allen et al. 2008, 532). It also involves with evaluating the process of organizing the event and reporting back the lessons and observations that have been learnt from the ongoing event management process. Post-event evaluation includes a number of important functions such as measuring outcome, creating demographic profiles, identifying developments, enhancing event reputation, evaluating event management process and so forth. (Allen et al. 2008, 532.)

The author feels that it would be more appropriate only to discuss the first step called measuring outcomes since the author intends to research the post-event evaluation from financial management point of view. Therefore, the author decided to focus on the following theories and methods in order for measuring the event outcome.

2.4.1 Profit sensitivity analysis (PSA)

Profit sensitivity analysis is a tool that assists managers to understand their business in a more detailed way. As stated by Jones et al. (2012, 113), “PSA concerns understanding how sensitivity profits are to changes, these could be changes in revenues, or changes in specific costs.” Thus, it helps managers to get a better orientation of the business and areas where they should focus most of their time and investment. Profit sensitivity analysis addresses the impact on profits if an individual variable e.g. volume, selling price or a cost element changes by certain percentage. By doing a profit sensitivity analysis, financial analysts can also prepare profit multipliers for the business. Profit multipliers show the changes in profits due to a certain percent change in different variables. In order to figure out the profit multiplier, one has to calculate the percentage change in the profit first.

$$\frac{\text{Revised profit} - \text{Original expected profit}}{\text{Original expected profit}} \times 100$$

The change in profit is calculated in percentages. On the next step, the profit multiplier can be calculated by the dividing the calculated percentage change in profit by percentage change in key factor.

$$\frac{\% \text{ Change in profit}}{\% \text{ Change in key factor}}$$

If a specific percentage change is brought individually in unit price, number of unit sold and fixed cost in three different scenarios, the profit multiplier would be different for each of these three cases. For example, if a 10% increase in the unit price increases the profitability by 35%, a 10% decrease in unit price decreases the profitability by 35% as well. In this case, the profit multiplier would be 3.5. Similarly, a 10% increase or decrease in the number of unit sold may respectively increase or decrease the total profitability by 23% with a profit multiplier of 2.3. From the given examples, it can be deduced that the multiplier that has the biggest positive impact on profitability also has the biggest negative impact by the same percentage. (Jones et al. 2012, 113-116.)

2.4.2 Return on investment (ROI)

Attending travel trade fair involves significant investment of time and resources.

Therefore, what management and investors are most interested in is getting sound return from the investment.

“In general, investors expect their return to compensate them not only for the cost of money—current interest rate—which they could easily earn just by investing their money in a bank account or bond, but they also expect it to compensate them for the level of risk they accept by making the investment in the first place.” (Engel 1996, 30.)

The ultimate goal of attending any trade fair is to generate sound profitability for the stakeholders by getting the best possible visibility in front of potential clients and partners. As all events are very significant investments for companies, the return on investment or ROI has become increasingly common to justify events. As O’Toole (2011, 234) defines, “The return on investment (ROI) is the surplus generated by an event divided by the invested.” **The ROI formula is (Income-Cost)/Cost.** However,

this surplus is produced in a variety of forms and spread over a period. In addition, not all the profits are quantifiable, direct or immediately realized. Therefore, the accurate ROI from most of the events is often difficult to measure. In this case, the ideal approach would be to give every benefit of the event a monetary value in order to most accurately measure the ROI of that event. (O'Toole 2011, 234.)

2.4.3 Return on objectives (ROO)

In most theories of management, objectives are considered as the foundation of any project. One of the most popular ways to measure the success of investing in trade fair attendance is return on objectives (ROO). It is an intangible ROI measurement tool. ROI from the trade fair is generally not the immediate profit but the future business. However, the future business can be measured based on a number of factors that can be found during the exhibition. The most important one is the generation of leads. It is also important to look at the quality of the leads and their potentiality to turn into future business. The promotional codes, competition and surveying are some commonly used tools to trace the sales that generated from the trade fair. (O'Toole 2011, 236.)

ROO is popularly used to define if the agreed objectives for the event have been met. The outcome of ROO is often non-quantifiable but crucial. However, this process has some limitations. For example, some events are highly complex and involve a wide range of stakeholders. Besides, event planning also changes over time and adapts with new situations e.g. new sponsors may involve right up to or during the event. Because of the dynamic environment of business, the objectives may need to be adjusted from time to time, which may skew the initial objectives that were determined to measure the success. Regardless the limitation, the ROO is considered as a highly effective tool to measure the success of trade fair attendance. (O'Toole 2011, 236.)

2.4.4 Pro-forma income statement

A pro-forma financial statement is similar to historical financial statement except to the fact that they look forward instead of tracking the past. New ventures as to track their future operations make pro-forma statements whereas well established organizations

often make these statements as an important part of their routine financial planning activities and to help construct their budgets. Pro-forma statements have a significant importance for the facts that they help management to reevaluate their strategies and to make adjustments where necessary. For instance, if the pro-forma statements indicate a negative profitability, a company is likely to make operational changes by increasing the price and decreasing the expenses in order to bring profitability back in a favorable situation. There are several sorts of pro-forma statements e.g. pro-forma income statement, pro-forma balance sheet, pro-forma statement of cash flows and so forth. (Barringer & Ireland 2006, 166-167.)

Pro-forma income statement works similarly like an income statement except it predicts the revenue and expenses for a firm based on educated and foundation based projections. The challenging part to make the pro-forma invoice is to forecast the future income and expenses precisely. Once a firm can do it, the making of a pro-forma income statement becomes a mere task of plugging in the numbers in the statement. (Barringer & Ireland 2006, 167.)

3 Research methodology

Research method has significant roles in conducting any sort of research successfully. As stated by Ghauri & Grønhaug (2005, 40), “Research methods are rules and procedures, and can be seen as tools or ways of proceeding to solve problems.” In chapter 3, the author introduces research method and design; data collection tools; and the data analysis process which comprises the consecutive steps for research methodology. The author also discusses how those steps were implemented in this thesis.

3.1 Research method and design

The author used qualitative method as the mean to conduct this research. According to Bryman & Bell (2011, 27), “Qualitative research can be construed as a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data.” Ghauri & Grønhaug (2005, 202) consider qualitative research as a relevant method where the preceding insights about any incident or phenomenon are modest. While researching the financial management perspective of attending the Tourest travel trade fair for Moon Travel, the author realized that the stated topic is highly unstructured and entails huge scope to research for. Therefore, the author selected qualitative research method because of its exploratory and flexible characteristics. The author also felt that it would be much beneficial to investigate perceptions and understand the phenomena through exploratory research since the existing academic studies and researches may not be up to date to successfully address the research topic of the thesis (Ereaut 2012).

3.2 Data collection

Data collection is inevitable in order to answer the research problem in more reliable and valid way. Several tools like observation, experiment, interview, survey are widely used as data collection tool nowadays. Regarding the choice of data collection tool, Ghauri & Grønhaug (2005, 108) emphasized that it will largely depend upon the overall judgment on the nature of data needed for a particular research problem. Due to having an unstructured scope in the prospective research problem, the author did the

data collection primarily through qualitative interviews. Besides, the author used several secondary sources like e-journals, books and trustworthy web pages in order to add values to this thesis.

3.2.1 Interviews

Interviews can be highly formal and structured or informal and unstructured conversations (Saunders, Lewis & Thronhill 2009, 320). Due to the nature of the research problem, the author decided to do semi-structured interviews as to collect data for this thesis. Semi-structured interviews are one form of non-standardized interviews. It is also referred as qualitative research interview. Through semi-structured interviews, the author could understand the experiences and reconstruct the events in which he/she has not participated (Rubin & Rubin 2005, 3). As for the interviewing, the author categorized the entire interview questionnaire based on 4 different themes and each of the themes contained some relevant questions under it. The interview questionnaire is supplemented as Attachment 2. As Bryman & Bell (2011, 467) emphasize, all the questions must be asked and a similar wording should be used to each of the interviewees. The author did interviewing in that suggested way. However, the order of the interview questions shuffled in some cases because of the flow of conversation, which, according to Saunders, Lewis & Thronhill (2009, 320), is stated as a normal incident during an interview. Besides, the author also asked additional questions in order to explore different perspectives of the research problem and to get the most out of the conversation.

As for the primary data collection, 6 respondents were interviewed. Initially, the author emailed to 25 possible respondents with a target of getting 6 respondents out of them. To ensure the quality of the received data, the author contacted respondents with appropriate positions and experience mainly from travel and tourism industry (Attachment 3). It is worth of mention that the author found it difficult to interview travel agency executives from Finland since Moon Travel is a direct competitor to them. Therefore, the author also interviewed respondents who were from other but relevant industries. All of the interviews were done face to face except in two cases where the interviews were done online via audio calling and email respectively. In all cases, the

questionnaire was sent to the interviewees beforehand so that they can prepare themselves well for the interview. During the interviews, the author aimed to create a relaxing and friendly atmosphere to allow the interviewees to talk freely and provide more useful information. The author was primarily in the role of a good listener despite leading and controlling the whole discussion without imposing any pressure, judgment or domination to the interviewees. The interviews nearly lasted 35-45 minutes for each and were voice-recorded in most of the cases.

3.2.2 Secondary data sources

Saunders, Lewis & Thronhill (2009, 256) define secondary data as such data that have already been collected for some other purpose. Secondary data can be both quantitative and qualitative data; and raw (if not processed) and compiled (if processed or summarized). In case of this thesis, the author used many secondary data sources like books, peer-reviewed journals and Moon Travel's financial statement in order to add value to this thesis. The official webpage of Tourest and several other trustworthy web pages also proved extremely beneficial in implementing the research. In a nutshell, the author found secondary data useful not only to find information to solve the research problem, but also to better understand and explain the research problem. Even in many cases, the author solved part of research question by using secondary data only. (Ghauri & Grønhaug 2005, 91.)

3.3 Data analysis

Rubin & Rubin (2005, 201) define data analysis as “the process of moving from raw interviews to evidence-based interpretations that are foundation for published reports.” Following that, the author conducted data analysis to classify, compare, weigh and combine material from the interviews in order to dig out the meanings and implications, to show patterns, and to stitch together the description of event in a consistent narrative. Although there are different approaches for qualitative data analysis, the author followed the ‘deductive approach’ in this thesis. As illustrated by Saunders, Lewis & Thronhill (2009, 256), deductive approach is a method of data analysis where the

researcher seeks existing theory to shape the approach by adopting to the qualitative research process and to the aspects of data analysis.

The beginning stage of data analysis consists of transcription and coding (Rubin & Rubin 2005, 201). After completing each interview, the author on the very same day transcribed the conversations into Microsoft Word file. The author also took important notes during the interviews despite having recorded the conversations. It proved very useful in the data analysis process. For two of the interviews, the author was not allowed to record the conversation and thus had to take written notes only. Then the next task was coding, which can be defined as the process of “specifying the categories or classes into which the responses are to be placed.”(Ghauri & Grønhaug 2005, 158.) As for coding, the author segmented an interview transcript based on different contexts and gave a label for each of them. Since the author intended to find certain patterns, the author categorized all the same labeled contexts in one place; compared, weighed and combined them into appropriate summaries; and then put them under the identified concepts and themes. (Rubin & Rubin 2005, 201.) It is worth to mention that the task of data analysis also took place throughout the interviewing process. Therefore, the author had to examine the contents of preceding interview to figure out what still needed to be investigated on the following interview. (Rubin & Rubin 2005, 201-202.)

4 Results

In chapter 4, the author discusses about the potential results that were gathered from the interviews and the secondary sources. The information received from them was very useful. In some cases, the information was a bit abstract and from the general point of view. The author believed that having something concrete would help the case company to understand the findings more clearly. Therefore, the author presented the results both as summaries and in the form of calculations. The calculations are based on interviews, educated estimations and logical thinking; and consultation with the case company. The author also used different scenarios to show different perspectives of the calculations.

4.1 An introduction to Tourest international travel trade fair

Tourest travel trade fair is the oldest and the biggest travel trade fair in the Baltic Regions. This event has been continuously organized and supervised by Estonian Travel and Tourism Association (ETFL) since 1991. It is primarily a 3 days event where more than 450 exhibitors from nearly 25 countries have participated in recent years. Tourest travel trade fair has been proved a huge success and the number of exhibitors is constantly growing every year. In 2014, the number of visitors reached around 36000. An overview of the number of exhibitors, countries and visitors for year 2008-2014 is given in Table 1 in order to understand the size of this exhibition. (Tourest 2014a.) In addition, a projection for Tourest 2015 is also made in Table 1 in order to give a basis to research this thesis. The projection is done based on educated guess from the available data and upon discussing with the Managing Director of Moon Travel.

Table 1. An overview of the number of exhibitors, participating countries and number of visitors

Year	Exhibitors	Countries	Visitors	Growth index of visitors
Tourest 2015 (Projection)	480	25	36000	153.42
Tourest 2014	482	24	35994	153.39
Tourest 2013	403	22	36316	154.77
Tourest 2012	468	26	26080	111.14
Tourest 2011	458	25	20853	88.87
Tourest 2010	408	25	23734	101.15
Tourest 2009	N/A	N/A	23684	100.93
Tourest 2008	N/A	N/A	23465	100.00

This trade fair event is held in 3 halls. Travel agencies, transportation and insurance companies, educational institutions, hotels, spas, restaurants, entertainment and leisure companies, foreign destinations and the relevant businesses exhibit in the main hall. Entrepreneurs from all Estonian counties exhibit in a hall called "Holidays in Estonia". This hall is dedicated to promote Estonia as a tourist destination. Finally, there is a children's hall which offers fun and different educative activities to the kids. Tourest also offer interactive main stage program to amuse the visitors. Seminars, meetings, presentations, performances, auctions, quizzes, games etc. are also interesting part of this international travel trade fair. (Tourest 2014a.)

4.2 Justifications for attending Tourest travel trade fair

As mentioned earlier, travel trade fair involves significant investment of time and resources. Therefore, it must be ensured that Moon Travel's plan to invest in international travel trade fair is well justified. In this respect, the author investigated why it is beneficial to attend in international travel trade fair for Moon Travel. While discussing this issue with interviewees, the author summed up that there are two different aspects of this issue. In the first aspect, the interviewees explained the unique reasons that make travel trade fair indispensable over other promotional strategies. In the second aspect, they explained why international travel trade fair attendance holds more importance for the companies that plan to expand in a foreign market.

Moon travel has numerous options to promote itself among its clients and potential business partners. However, all of the interviewees agreed that travel trade fair is the quickest way to network with potential business contacts. As it may take months and even years for Moon Travel to know and to get in touch with customers, business partners, suppliers and even competitors, travel trade fair is a great place to meet and greet those people. Besides, while discussing the effectiveness of travel trade fair as a promotional tool, one of the interviewees strongly pointed out that if a company cannot establish shops everywhere, it can at least exhibit its products in a common platform where almost all the stakeholders from the industry participate.

Interviewees confirmed face to face meeting as the most substantial advantage of being at travel trade fair. According to all of the interviewees, the role of face to face meeting can never be replaced by technologies. Technology may help build connections but to take it to the next level, face to face meeting is crucial.

The author also understood from the interviews that Moon Travel can attend domestic travel trade fair as many times as it wants. But to expand into a foreign market, attending the international travel trade fair in that prospective country is a must. Going into an international travel trade fair may be seemed very expensive. However, most of the costs of international travel trade fair in a foreign country are also applicable to the domestic travel trade fair except few costs like travel, accommodation, which, according to the interviewees, are not much significant. Rather, because of the presence of large number of participators and visitors in the international travel trade fair, the cost per client often decreases.

Tourest is the oldest and biggest travel exhibition in Baltic States. In February 2014, Tourest took place for the 23rd time and the number of visitors is growing every year. Tourest always gets significant media attention, which also results in the growing number of exhibitors every year. (Tourest 2014a.) Besides, there are strategic advantages for Moon Travel to expand into Estonia in terms of proximity, manpower cost, use of single currency and so forth. Considering all of the given facts and the strategic plan to

expand into Estonian market, the author justified that it is worth the effort for Moon Travel to participate in the Tourest travel trade fair.

4.3 Audit of budget planning process

Moon Travel instantly doesn't make a lot of money from attending travel trade fairs. So it has to be really careful which travel trade fair it attends in terms of getting the best value for the money it will spend. While making the strategic budget plan for Tourest, it is crucial that Moon Travel audits the external environmental influences and its internal resources in order to participate in the Tourest with low potential risks. External environmental influences are those which cannot be controlled by Moon Travel whereas internal resources are more influenced and controlled by Moon Travel. The most important external environmental influences and internal resources for Moon Travel are shown with the help of Figure 5.

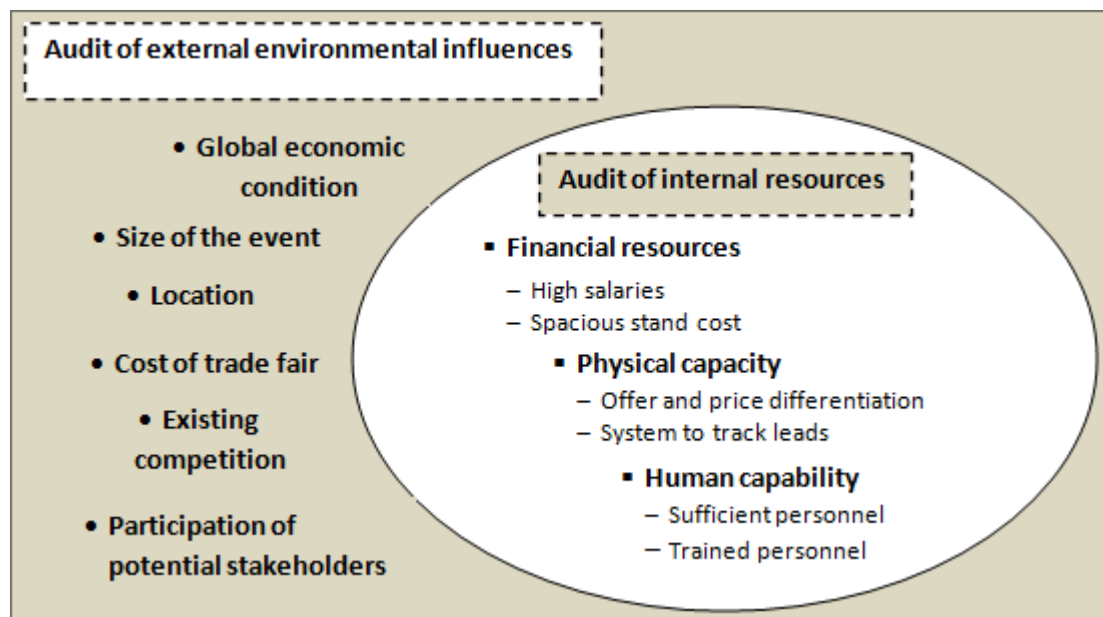


Figure 5. Auditing of external environmental influences and internal resources for Tourest travel trade fair by Moon Travel

4.3.1 Audit of external environmental influences on Tourest

Audit of external environmental influences help Moon Travel to understand the factors that can potentially turn into either opportunities or threats. From the interviews, the following internal environmental influences are identified as vital for the company.

Global economic condition: Global economic condition plays a vital role on the success of travel trade fair participation. Moon Travel must follow the global economic trend while planning to participate in the Tourest. As one of the interviewees mentioned, his company didn't participate in the trade fair in 2008 due to the global economic recession. It was not worth investing because there were no real buyers.

Existing competition: The competition in travel industry is very intense. Companies often sell holidays with very low profit margins. As one of the interviewee pointed out, Moon Travel would have negative profits if it tries to offer holidays or air tickets on reduced prices in the travel trade fair. For smaller companies like Moon Travel, it is also difficult to beat the existing players who are extremely matured in the industry, for example, Aurinkomatkat, Finnmatkat in Finland.

Cost of the trade fair: The cost of attending a trade fair has direct influence on the spending behavior of Moon Travel. Expensive trade fairs lead exhibitors, especially the small companies, to squeeze their activities as the small companies usually have "worst kind of restricted budget" for trade fairs, according to one interviewee.

Size of the event: The outcomes from Tourest are highly influenced by the size of the event. As all of the interviewees agreed, the big travel trade fairs like ITB (Internationale Tourismus-Börse) in Berlin or WTM (World Travel Market) in London are the most popular ones in general. Consequently, they have huge number of exhibitors and visitors which reduce the cost per client or cost per visitor for the exhibitor.

Location: Attending travel trade fair in one of the neighbor countries is often cheap in terms of traveling e.g. air tickets. However, Moon Travel may still require arranging

accommodation, interpreter, and local transportation. The cost of those largely depends on the living standards of a prospective country.

Participation of potential stakeholders: The presence of potential stakeholders e.g. companies, visitors affects the outcomes of a trade fair participation. As stated by one of the interviewees, “You don’t go to the trade shows because lot of trade shows you go to, there’s no real people there.”

4.3.2 Audit of internal resources for attending Tourest

Moon Travel equally requires auditing its internal resources during its budget planning process. This audit would help the company to comprehend its organizational strengths and weaknesses and take corrective actions where necessary. The internal resource factors, which are indispensable to assess before attending the Tourest travel trade fair are mentioned below.

Providing high salaries to employees: The salary of employees in Tourest can relatively be higher in many cases because the employees need to stand there for longer hours to sell holidays. The cost of staffing may also be higher as because Moon Travel sends its employees to a travel trade fair in a foreign country. The imbursement is mainly because the employees are leaving their country for the company.

Financing stand with enough square meters: There are hundreds of exhibitors at a travel trade fair. Therefore, Moon Travel needs sufficient square meters of space for its stand in order to separate itself from the other stands and to accommodate extreme influx of visitors at any point. Having such stand is expensive and according to one interviewee, the cost of such spacious stand can often be one third of the whole cost.

Offer and price differentiation: Moon Travel will participate in the Tourest travel trade fair in order to build reputation, make sales of its products or services and generate leads for future business. However, the company must ensure that it differentiates itself from its competitors in terms of the products or services and the price. A company failed to differentiate itself will end up wasting its resources at the travel trade fair.

System to track leads: One of the major activities while being at the Tourest is to generate leads, which are considered as potential contacts for future businesses. Moon Travel must have efficient systems to track those leads. The purchase or development and the maintenance of lead tracking system often cost a great deal of money.

Sufficient personnel at stand: The exhibit duration of Tourest is pretty long and personnel at the stand always need to engage in conversation with visitors. Moon Travel must ensure that it dispatches sufficient number of employees at the event.

Trained personnel at stand: Moon Travel needs to employ trained personnel at the stand so that they can bring value to the company. Trained personnel are good at presenting, negotiating and influencing clients. While planning, Moon Travel must consider if it has enough trained personnel and if not, what would be the cost of training or outsourcing that kind of personnel.

4.4 Budget development process for Tourest

This chapter aims at discussing several important issues regarding the budgeting process for the Tourest. Objective setting gets the first importance since Moon Travel should beware of what it is expecting from that particular travel trade fair. Next importance is to communicate those objectives inside the organization. The effort from all the departments must work as a synergy in developing and executing the budget. The communication of objectives also helps individual department to plan their resources and estimate costs well in advance. Last but not least is the budget development process that integrates the whole organization towards a shared process of budget construction with the help of several important steps.

4.4.1 Setting objectives with measurable targets

According to one of the interviewees,

You should have targets when you go to the trade fair. You should plan beforehand what you got to achieve and when you are there, you try to achieve that. You should have matched against.

Objective setting is the very first step to develop the budgeting process for any trade fair. Objective setting in the budget development process helps Moon Travel to estimate the necessary resources it requires to achieve its goals (Harvard Business School Press 2005, 158). Objective setting is also important to measure the effectiveness of attending trade fair. However, it is not ideal to set universally applicable objectives for Tourest. Rather, the objectives should be customized based on the activity or event that is being planned. All objectives must be realistic and clearly defined with measurable targets. (Pizam 1994, 579.) A standard procedure of setting objectives is depicted in Figure 6.



Figure 6. Setting objectives with measureable targets (Pizam 1994, 579)

Experts observed that “the more specific goals of an event are the more effective the sales personnel will be.” (Pizam 1994, 579.) Narrowly defined objectives e.g. “have five major speakers” may miss the key measures of success whereas abstractly defined objectives e.g. “keep the sponsor happy” may fail to give direction to the employees (O’Toole 2011, 236). Objectives must be attainable and demanding. Setting unnecessarily higher objectives create slack in the budgeting process which negatively affects the employee motivation by making the targets unreachable. (Owen 1998, 308-309.)

4.4.2 Communicating objectives inside organization

In order to coordinate the budget plan, communicating objectives inside Moon Travel is indispensable. The communication proficiency by the top management has a ripple effect throughout the organization. The top management needs to communicate the strategic objectives of the budgeting process to all levels in the organization. On the other hand, the individual planners also need to inform their needs, expectations and goals to their immediate managers who usually take care of evaluating the departmental and functional budget pieces. Most importantly, the different group or teams from different units or divisions must communicate to each other. For example, if a particular team in the Moon Travel is heavily pursuing to increase sales goals beyond its capacity, it must communicate with the marketing department to increase their promotional activities. Also it must communicate with the production department for providing it with additional products. Since the marketing department initiates the plan to attend Tourest in Estonia, it must inform the finance department and human resource department about the plan so that those departments can define the cost of their prospective supply for developing the master budget of the Tourest. (Harvard Business School Press 2005, 159.) The concept is illustrated in Figure 7.

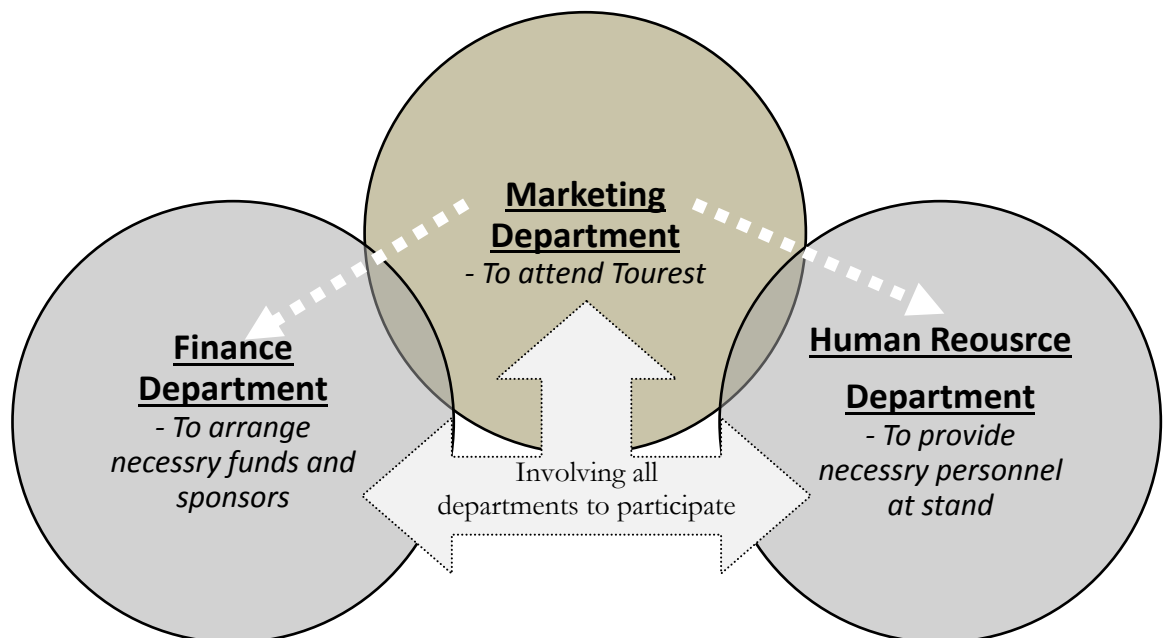


Figure 7. Importance of communicating objectives in departmental level and its effect in forming the master budget

4.4.3 Estimating costs and budget development

One of the most crucial activities in the budget development process is to estimate the costs, which alternatively helps to take strategic decisions. As Moon Travel is planning to attend the Tourest travel trade fair, an estimation of the total costs would help the company to understand the viability of attending the travel trade fair more effectively. To start the estimation, the author needed to figure out the number of possible visitors at the Tourest and the number of potential audience out of the total number of visitors. The number of visitors at Tourest 2014 was 35,198 (Table 1). So, the author assumed a number of 36,000 visitors for the estimation. However, neither all visitors are Moon Travel's potential audience nor all potential audience will drop by the booth of Moon Travel. The Trade Show Institute based on its research has proposed a formula to calculate the projected potential audience out of all visitors in a trade fair. As a rule of thumb, a 10 percent of the total visitors can be considered as the potential target audience. Based on that, the target audience can be approximately 3,600 persons. (Trade Show Institute, 2013).

$$36,000 \times 10\% = 3,600 \text{ target audience}$$

Although 3,600 target audiences in this case may sound a good number for a SME like Moon Travel, it is unlikely that all the target audience would stop by the booth of the company. "The number of visitors stopping by your booth varies and, over time your marketing department can measure this. This is called the Audience Interest Factor." (Trade Show Institute, 2013.) As industry average, this number is around 45 percent which is 1,620 potential booth visitors for Moon Travel. (Trade Show Institute, 2013).

$$3,600 \times 45\% = 1,620 \text{ potential booth visitors}$$

The author made a cost estimation of attending Tourest in Table 2. The estimation is done based on the data available from Tourest 2014 website and other trustworthy sources and is applicable for a 3 days event covering 4 stand employees.

Table 2. Cost estimation of attending the Tourest travel trade fair

BEFORE THE FAIR			
Name of costs		Specification	Cost in €
a.	Registration and stand	15 m ² with basic equipment	2214.00
b.	Booth design (posters)	3 posters for 3 sides	46.24
c.	Promotional material 1 (brochures)	2000 pieces	496.49
d.	Promotional material 2 (flyers)	2000 pieces	86.99
e.	Promotional gift (pens)	1750 pieces	3475.00
f.	Press ads	3 different medium	1044.00
g.	Air tickets to Tallinn (half of total price)	4 persons	230.00
h.	Training costs for event	5 hours	86.65
i.	Others (printing, stationary, local transportation, delivery etc.)		150.00
<i>Sub total</i>			<i>7829.37</i>
COST OVER THE FAIR			
Name of costs		Specification	Cost in €
j.	Accommodation (4 persons)	4 days	448.00
k.	Salaries (4 persons)	32 hours	2218.24
l.	Meals (4 persons)	8 times	184.00
m.	Others (taxi, entertainment etc.)		100.00
<i>Sub total</i>			<i>2950.24</i>
AFTER THE FAIR			
Name of costs		Specification	Cost in €
n.	Air tickets to Helsinki (half of total price)	(4 persons)	230.00
o.	Others (return moving cost etc.)		50.00
<i>Sub total</i>			<i>280.00</i>
Total Estimated Cost for Tourest			€ 11059.61

- a. The stand includes rent of space, walls, fascia with exhibitor's company name (max.20 letters H 10cm), gray carpeting (different color for extra charge), spotlights (1p/3m²), table Ø 70 cm, 3 plastic chairs, 1 bar stool, info counter without doors, waste paper basket, general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, EU standard plug socket 220V,1,0kW + electricity during the exhibition, non-refundable participation fee. All exhibition halls have free Wi-Fi connections. (Tourest, 2014d.)
- b. Booth is covered with posters in three sides. Posters are horizontal and large e.g. 84.7 x 60.1 cm (Vistaprint 2014a.)
- c. The size of brochure is 279 x 216 mm (after opening) and 94 x 216 mm (closed) with 135 g / m², water-based paper. 2000 pieces are the optimal number to purchase for 1620 potential booth visitors from cost perspective. (Vistaprint 2014b.)
- d. 216×139 mm flyers with 135 g/m², water-based paper. 2000 pieces are the optimal number to purchase for 1620 potential booth visitors from cost perspective. (Vistaprint 2014c.)
- e. The trim size and printing size of the area are 71 x 32 mm and is 71 x 34 mm respectively. 1750 pieces are the optimal number to purchase for 1620 potential booth visitors from cost perspective. (Vistaprint 2014d.)
- f. Press ads are published in the Tourest supplement by Postimees daily newspaper covering 1/6 page for 672€; in official fair magazine Tourest covering 1/4 page for 360€; and official logo in electronic exhibitor list for 12 € (Tourest 2014b).
- g. Finnair is found to be the cheapest and effective means of Helsinki-Tallinn round trip at a price of 115€ for each person. Half of the total price belongs to before the fair costs. It is to be noted that the price of air tickets constantly changes and this given price is based on 25 March 2014. (Momondo 2014.)

- h. A 5 hours training session is estimated and the training cost is decided at 17.33 € per hour according to the mean salary stated by Suomen Tradenomiliitto (Tral 2014.)
- i. Other pre-event costs may include printing of important documents, the courier fee for promotional materials, transportation to airport, stationary costs and so forth.
- j. Accommodation is for 4 days (3days for fair and 1 day for preparation) in Sokos Hotel, Tallinn at 28€/person in a twin room. The rent includes rich buffet breakfast, Wi-Fi and free entrance to night club (Tourest 2014c.)
- k. Salaries are estimated for 4 employees; for 32 hours on basis of 8 hours/day; and at 17.33 € per hour according to the mean salary stated by Suomen Tradenomiliitto (Tral 2014.)
- l. The cost is estimated as 5.75 € per meal and each employee will require 2 meals per day (Numbeo 2014.)
- m. Other costs that may occur during Tourest are local transportation, entertainment and so forth.
- n. The rest half of the total air tickets price belongs to after the fair costs.
- o. Other costs after the fair may include local transportation cost, cost of moving the leftover promotional materials etc.

While estimating the costs, the author tried to include all possible costs based on logical reasoning. It is obvious that there will be additional costs or removal of cost items during the real event. Even the prices will be changed based on the size, amount and preference of each cost items. However, an estimation of the cost will help Moon Travel to understand the approximate amount of costs and to undertake managerial decisions.

4.4.4 Possible revenue sources to subsidize costs

The cost of attending the Tourest seems to be pretty significant for Moon Travel. Therefore, the company must figure out different revenue sources that can help to subsidize the total cost of attending the Tourest travel trade fair. Those revenue sources are also referred as in-kind cost reduction. The author suggests the following sources for in-kind cost reduction.

Grants: Grants are a great source for reducing the costs of a trade fair. As one interviewee added, companies can apply for grants in different institutions covering local, state and federal government institutions. Their deadlines always change. So, Moon Travel should keep it in pace with those deadlines and apply for grants. However, the interviewee didn't mention any specific name or institution.

Sponsorships: Getting sponsorship for Tourest can help Moon Travel to alleviate part of its total cost. Sponsorship can be gotten either in cash or as in-kind gifts. For example, a brochure printing company sponsors the brochures for Tourest provided that its name should also get visible as official printing partner of Moon Travel at that trade fair. (Allen et al. 2008, 219.)

Individual contribution: In small business, the owner sometimes provides individual contribution with the hope of sustaining its businesses for the long run (Allen et al. 2008, 219). Although it is capital injection, it still helps to finance part of the total costs for the company.

Special programs: Moon Travel can also offer raffle draws, auctions or games to win a holiday and charge a small amount from the participants (Allen et al. 2008, 219).

Merchandise: Merchandising is often used as an effective tool to off-set the cost of attending trade fair. Moon Travel can sell exotic souvenirs, t-shirt, videos and badges; and make some money out of it. (Allen et al. 2008, 219.)

Co-hosting: An interviewee introduced the concept of co-hosting which is to exhibit products or services by an organization together with another organization in the same stand in a trade fair. The idea is to minimize the costs and the two organizations must be complimentary to each other. Moon Travel can add a co-exhibitor at its stand by paying a fee of 35€ to the Tourest authority. However, Moon Travel may charge higher amount to that co-exhibitor since it will be participating in the Tourest mainly at Moon Travel's expense. (Tourest 2014d.)

4.4.5 Break-even in revenues

Another important step in the budget development process is to calculate the breakeven point. An estimation of the breakeven would help Moon Travel to understand the minimum amount of sales it needs to generate from the Tourest in order to cover the costs. Knowing the breakeven would also facilitate Moon Travel to decide whether to invest in Tourest or not. As mentioned earlier, Moon Travel primarily sells holidays, airline tickets and hotel rooms based on customer's preferences and the profit margin from each of the holidays, airline tickets or hotel rooms is different. Therefore, it is quite complicated and difficult to estimate the breakeven based on the number of products sold. Hence, the author estimated the breakeven based on the amount of revenues to be generated from the event. It is obvious that the revenues will come after the event throughout few consecutive months or even years. To estimate breakeven in revenues, it is important to know the final costs of the attending the Tourest and the current contribution margin of Moon Travel. In the following, the author deduced the formula for calculating the final cost of attending the Tourest for Moon Travel (Allen et al. 2008, 217-220).

The total estimated cost - The total revenue generated as in-kind cost reduction

Here, the total estimated cost for Tourest is 11,060 Euro (Table 2). The total revenue as in-kind cost reduction is difficult for the author to estimate since it largely depends on Moon Travel's ability to collect them from different sources. Therefore, the total revenue as in-kind cost reduction is considered as zero (€ 0) for the further calculation. The final cost of attending Tourest is 11,060 Euro and the contribution margin of

Moon Travel is 39.5% as informed by the company. So, the breakeven for the Tourest is 28,000 euro for Moon Travel.

$$\frac{\text{€ 11,060 (Final cost of Tourest)}}{0.395 \text{ (Contribution margin ratio of Moon Travel)}}$$

$$= \text{€ 28,000 (Breakeven in euro)}$$

4.4.6 Breakeven scenarios using sensitivity

It is quite obvious that the real costs of participating in the Tourest will be different than the estimated costs. In the real event, Moon Travel may decide to add new costs e.g. monitor in the stand or remove some of the costs e.g. leaflets which are mentioned in the given estimation. The total cost may vary because of changes in quantity e.g. additional number of brochures; quality e.g. engraved pens (promotional gifts) which are more expensive than the normal pens; and unit price of cost e.g. salary per hour. External factors such as changes in the air ticket price, registration fee of Tourest, courier fee for promotional materials may also affect the total costs. Consequently, any changes in the total costs would also affect the breakeven in terms of revenues. Therefore, companies generally use sensitivity analysis to look at the changes in breakeven in relation to the changes in the costs. In this respect, the author used 3 different case scenarios, namely estimated, better and worse, for the sensitivity analysis. The author also applied 10%, 15% and 20% contingency (expected change in budget estimation) for both better and worse scenarios. The break-even is calculated dividing each cost amount by contribution margin ratio i.e. 0.395. The calculation is shown in Table 3.

Table 3. Calculation of breakeven in euro based on different contingencies

Scenario	Type of changes	Cost after changes	Break-even in euro
Better	20% decrease in cost	€ 8,848	€ 22,400
	15% decrease in cost	€ 9,401	€ 23,800
	10% decrease in cost	€ 9,954	€ 25,200
<i>Estimated</i>	<i>No changes</i>	<i>€ 11,060</i>	<i>€ 28,000</i>
Worse	10% increase in cost	€ 12,166	€ 30,800
	15% increase in cost	€ 12,719	€ 32,200
	20% increase in cost	€ 13,272	€ 33,600

4.5 Post-event evaluation for Tourest

Evaluating the effectiveness of an event is a complicated task, which is generally done after the event takes place. Since the author is projecting the financial management perspective of attending the Tourest travel trade fair, the author felt that a logical and realistic projection of income statement would help Moon Travel to reasonably justify the Tourest attendance from profitability point of view. In connection to this, the author did a profit sensitivity analysis (PSA) based on 6 scenarios, which would help Moon Travel to understand how changes in different variables affect the profitability. Based on that profit sensitivity analysis, the author also presented return on investment (ROI) for each of those scenarios. Additionally, the author discussed the method of measuring the return on objectives (ROO), which is also critical for Moon Travel to take into consideration.

4.5.1 Profit sensitivity analysis (PSA) of Tourest

During the interviews, all of the interviewees agreed that the financial return of attending travel trade fair usually comes in two different forms and they are 1) sales revenue generated from potential customers and 2) the monetary value of deals which were made with new business partners and suppliers in that particular travel trade fair. To facilitate the ROI calculation, the author estimated that 10% of the 1,620 booth visitors, which is 162 potential customers, turn up to Moon Travel for either booking their holidays or hotel rooms or purchasing air tickets during some part of the year after the

travel trade fair. On average, they purchase any of the products equivalent to € 200. Besides, Moon Travel would also be able to make, as an assumption, 8 business deals of which each equivalent to € 2,500. The contribution margin as stated by Moon Travel is 39.5% at this moment. Consequently, 60.5% of the total revenue is the cost of the sold products.

In practice, the number of customers or business deals from Tourest will be different than the prediction. The average purchase by each customer and the revenue size of each business deal will also be different. The amount of Tourest participation costs will certainly change as well. Hence, the author realized that it would more prudent to show the different scenarios of profitability with the changes in different variables. Therefore, the author used 6 different scenarios for the profit sensitivity analysis (PSA) to show how a certain percentage change in different variables affects the total profitability. In Table 4, the author built 6 different scenarios considering a 10% increase and decrease in different variables.

- **Scenario 1:** The average price of individual customer purchase and business deal decreased by 10%. Other variables stick to the estimation.
- **Scenario 2:** The average price of individual customer purchase and business deal increased by 10%. Other variables stick to the estimation.
- **Scenario 3:** The number of individual customer and business deals decreased by 10%. Other variables stick to the estimation.
- **Scenario 4:** The number of individual customer and business deals increased by 10%. Other variables stick to the estimation.
- **Scenario 5:** The amount of Tourest participation cost decreased by 10%. Other variables stick to the estimation.
- **Scenario 6:** The amount of Tourest participation cost increased by 10%. Other variables stick to the estimation.

Table 4. Building scenarios for profit sensitivity analysis (grey cells indicate changes)

	Base data	Change in unit price		Change in sales volume		Change in costs	
		S 1	S 2	S 3	S 4	S 5	S 6
Average individual customer purchase	€ 200	€ 180	€ 220	€ 200	€ 200	€ 200	€ 200
Number of customers	162	162	162	146	178	162	162
Average business deals	€ 2,500	€ 2,250	€ 2,750	€ 2,500	€ 2,500	€ 2,500	€ 2,500
Number of deals	8	8	8	7	9	8	8
Tourest cost	€ 11,060	€ 11,060	€ 11,060	€ 11,060	€ 11,060	€ 9,954	€ 12,166

Based on the abovementioned assumptions and created scenarios, the author made a profit sensitivity analysis in Table 5. This table will help Moon Travel to see the change in profitability based on both numbers and percentages.

Table 5. Profit sensitivity analysis based on the estimated data and 6 other scenarios

	Base data	Change in unit price		Change in sales volume		Change in costs	
		S 1	S 2	S 3	S 4	S 5	S 6
	€	€	€	€	€	€	€
Revenue from customers	32,400	29,160	35,640	29,200	35,600	32,400	32,400
Revenue from business deals	20,000	18,000	22,000	17,500	22,500	20,000	20,000
Total revenue	52,400	47,160	57,640	46,700	58,100	52,400	52,400
Variable cost (60.5%)	31,702	28,532	34,872	28,254	35,151	31,702	31,702
Contribution margin (39.5%)	20,698	18,628	22,768	18,446	22,949	20,698	20,698
Tourest cost	11,060	11,060	11,060	11,060	11,060	9,954	12,166
Profit /loss	<u>9,638</u>	<u>7,568</u>	<u>11,708</u>	<u>7,386</u>	<u>11,889</u>	<u>10,744</u>	<u>8,532</u>
% change in profit	No change	-21.5%	21.5%	-23.4%	23.4%	11.5%	-11.5%
Profit multiplier		-2.15	2.15	-2.34	2.34	-1.15	1.15

From Table 5, it is evident that a 10% decrease in the number of customers (Scenario 3) reduced the profit by 23.4%, which is a profit multiplier factor of -2.34. For clarification, the profit multiplier in the table is calculated dividing the percent change in profit (-23.4%) by percent change in key factor (10%). However, a 10% increase in the number of customers (Scenario 4) increased the profit by 23.4%. Scenario 3 is a revised calculation of scenario 4 and they have a common multiplier of 2.34. (Jones et al. 2012, 115.) Below the profit multipliers are ranked in order of size ignoring the positive or negative sign.

$$\frac{2.34}{\text{Scenario 3 \& 4}} > \frac{2.15}{\text{Scenario 1 \& 2}} > \frac{1.15}{\text{Scenario 5 \& 6}}$$

The idea of ranking the profit multipliers helps to understand the degree of impact they have on profitability. The biggest number has more impact on profitability both positively and negatively. For example, 2.34 is the biggest profit multiplier. In scenario 3, it was negative and thus it resulted in the lowest profit out of all scenarios. On the other hand, it was positive in scenario 4 which resulted in the highest profit out of all scenarios. (Jones et al. 2012, 115.) However, no scenario faced any loss based on a 10 % change in different variables. As a whole, the given estimation will work as a foundation for Moon Travel to understand how much sales to be made in order keep positive ROI.

4.5.2 Measuring return on investment (ROI) of different scenarios

From the profit sensitivity analysis done in the previous sub-chapter, Moon Travel can easily see the profitability of each scenario and rank them in order from highest to lowest to find the most investment friendly scenario. However, the profit or loss from profit sensitivity analysis might not always show the real picture to take strategic decisions. A scenario can produce the second highest profit, which is slightly less than the highest profit, with significantly less investment. Therefore, Moon Travel might also want to consider the relation between the cost of investment and the gain from the investment. Considering this, the return on investment (ROI) for all of the scenarios is calculated in Table 6.

Table 6. Measuring ROI for different scenarios of Tourest

	Base data	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
A. Profit/loss €	9,638	7,568	11,708	7,386	11,889	10,744	8,532
B. Total cost €	42,762	39,592	45,932	39,314	46,211	41,656	43,868
ROI % (A/B*100)	22.54%	19.12%	25.49%	18.79%	25.73%	25.79%	19.45%

The profit/loss data is taken from profit sensitivity analysis table and the total cost consists of variable cost and Tourest cost. As for example, the profit in Scenario 2 and Scenario 5 is € 11,708 and € 10,744 respectively. Even though Scenario 2 provides one thousand euro more profit than Scenario 5, the ROI for Scenario 5 is still higher. It implies that the Scenario 2 costs proportionally more resources to produce a certain amount of profit than Scenario 5. As a whole, the ROIs of the given scenarios were pretty much consistent with the profits from the profit sensitivity analysis except in that one case. However, there can sometimes be situation where the ROI and profit from sensitivity analysis are dramatically inconsistent. For better financial management, Moon Travel must always consider the return on investment (ROI) calculation along with the profit sensitivity analysis.

4.5.3 Measuring return on objectives (ROO) of Tourest

Measuring effectiveness based on the numbers does not always reveal the true picture to the management. There are a lot of benefits or returns, which are qualitative and often difficult to measure in monetary value. Therefore, it is advisable for Moon Travel to evaluate also the qualitative returns from the Tourest participation. The best approach to do it is to measure the return on objectives (ROO). In this respect, two of the interviewees agreed that Moon Travel should have set objectives before attending the Tourest travel trade fair. Those objectives must be measurable and the actual results must be matched against the set objectives after participating in the Tourest. For

instance, the reputation of Moon Travel can be significantly increased in the Estonian travel market if the company can get media coverage. Therefore, Moon Travel can try to get itself appeared as a speaker when the local TV channel broadcast news about Tourest. After the fair, the company can evaluate if it was successful to do it or not. Besides, trade fairs are a good place to generate sales leads that can bring future businesses for companies. As part of it, Moon Travel can aim to collect the contact information of 80% of 1,620 potential booth visitors and match if it could achieve those numbers after the fair. Other possible objectives could be, for example, having X numbers of B2B meetings, increasing awareness by Y% and so forth.

5 Conclusion

Researching the financial management perspective of attending Tourest is very sensitive. The ability of proper estimation of different variables plays a significant role for the success of Tourest. Besides, procuring from the right place, managing the right sponsors and convincing the right customers and business partners are also key success factors. In this chapter, the author concludes the research by summarizing the key findings and providing the recommendations. The author also addresses several other important topics like the reliability and validity issues, research gap and limitation and potential future development of the thesis. The author also reflects own learning experiences that were gathered throughout the thesis writing process.

5.1 Key findings

The viability of attending the Tourest travel trade fair is challenging but quite possible for Moon Travel. While auditing the internal resources, the author found that the company needs to possibly hire additional employees for the event as not all of the office employees can participate in the travel trade fair. During one meeting with Moon Travel, the managing director confirmed that the company has possibility to back up all the necessary costs for the Tourest provided that there will be promising return. Besides, the author also understood that the competition is severe in the industry. So, Moon Travel must differentiate its presence in the Tourest in terms of its products, services and price. In addition, the company must send well trained staffs and do excellent promotions in order to differentiate itself from its competitors. By following these measures, Moon Travel will increase the chance of receiving higher return from the investment.

Although Moon Travel can alternatively communicate with the companies by emails and callings, it will be very time consuming. Attending Tourest is more logical for Moon Travel in order to meet potential customers and business partners face to face and to instantly network in the Estonian market. On the other hand, attending travel trade fair in Estonia is cheaper than in other neighbor countries like Sweden or Den-

mark but again the purchasing power of the Estonians is low compared to that of Swedish or Danish, which is worth to consider.

Despite growing, Moon Travel is still a small enterprise. Therefore, the budget development process will not be very complicated for the company. The management must decide what should be the unique objectives for being at the Tourest and the departments can cross-functionally work in developing the budget. Estimating cost is the one of critical tasks and must be done optimally. While researching the costs, the author found that the cost of promotional gifts is very expensive but the need of having them is also critical. Visitors often dump the brochures and other promotional printed materials. However, the visitors use the promotional gifts, such as pens or key rings, for longer time. Hence, those gifts are much more effective as a promotional mean. On the other hand, the spending on training personnel, booth design and promotional materials has a strong relationship with the financial return from the Tourest.

Generating revenues as in-kind cost reductions are the best way to off-set the costs. Grants are often given to non-profit organizations, start-ups or social businesses. As a result, it is less likely for Moon Travel to receive grants from any institutions. For commercial businesses like Moon Travel, it is more common to subsidize costs by getting sponsors. Getting a co-exhibitor can be very cost efficient since Moon Travel can make the best use of its booth space by sharing it with the co-exhibitor, for example. Co-selling or merchandising products like DVDs or travel books can also be useful but there is always a risk of unsold products which may increase the costs in the end.

The estimated breakeven for Moon Travel is € 28,000. Almost all the general costs are included in the cost estimation. Besides, the number of promotional materials and gifts is estimated sufficiently more than the estimated number of booth visitors. Consequently, there is very less possibility to have any dramatic change from promotional perspective. On the other hand, if Moon Travel can get any in-kind contribution, the actual cost will rather decrease, which will subsequently decrease the breakeven target.

Predicting the profitability and the return on investment from the Tourest are relatively the harder task. The actual outcome extensively depends on Moon Travel's performance on the fair. While analyzing the given pro-forma income statement with different scenarios, the author found the number of customers and business deals; the average customer purchase and average deal size; and the cost of Tourest as the most influential variables respectively. After calculating the profit multipliers, it was clearly observed that a 10% change in the number of unit has more impact on the profitability closely followed by a 10% change in the unit price. However, the profit multipliers may be different when a 20% change is applied.

In reality, Moon Travel can have situation where estimation unpredictably fails. To give a view of extremely worst scenario, the author projected **Scenario 7** where both the unit price and the volume of sales drop by 10%; and the Tourest participation cost increases by 10% which turns into € 12,166. Following this scenario, the revenue from the total individual customers would be € 26,280 ($€180 \times 146$) and from the business deals would be € 15,750 ($€2,250 \times 7$). The revenue in total is € 42,030. After deducting the COGS (60.5%), the contribution margin is calculated as € 16,602, which is still higher than the Tourest cost with 10% increase. So, if Moon Travel can perform its best at the Tourest, the outcomes are more likely to turn into profits.

5.2 Recommendations

The first and foremost recommendation for Moon Travel would be to assess its internal resources and the external influence factors which would define the scope of Tourest. Moon Travel must attend Tourest with a view of further developing its business. It must realistically set the objectives and targets both for the costs and benefits. Additionally, Moon Travel must do its homework beforehand so that it clearly knows which companies to meet, what kind of proposals and deals are to offer and so forth.

The personnel sent over the Tourest must be highly trained who can add value for Moon Travel by making positive impressions to the visitors and other stakeholders. Empowerment of employees is a must so that they can take instant decisions if any potential customer wants to make any deal. Management must back up those decisions.

Moon Travel can look for alternative options or cheap sources to reduce costs without compromising the objectives and quality. However, a budget cut for Tourest will not be a wise idea to reduce the costs since Moon Travel is not a well-known company in Estonia. Therefore, it requires a booth with sufficient square meters and with outgoing personnel that can create good impressions and make Moon Travel visible out of other competitors. A squeeze in the spending may lead the whole investment in vain as the company may not be noticed by most of the potential visitors and businesses.

Attending Tourest involves a certain amount of cost which is unavoidable and significant for Moon Travel. Therefore, it is highly recommended that Moon Travel finds potential sponsors who can offer money or physical products or services, which the company can utilize to subsidize its total costs. For example, Moon Travel may convince Finnair to provide free tickets for attending Tourest in return of having Finnair's name on the banner as official travel partner. Having this sponsorship reduces the total cost by 460 euro, which alternatively reduces the target breakeven in revenues by 4.15%. Having co-exhibitor is no less important in reducing the costs.

Moon Travel must have a very effective system to record and track all the potential leads that generate from the Tourest. In addition, the company must motivate visitors to leave their contact information; sign up for newsletters and offers; and subscribe to its Facebook, Twitter and other social media channels. Making them doing so would keep the visitors engaged with Moon Travel even after the Tourest. When those visitors plan for their next holidays or trips, there will be higher chance that they will consider Moon Travel to buy their air tickets or hotel rooms. The whole idea is to generate revenues from the potential booth visitors in the future.

The estimation of total costs, revenues and breakeven may change due to adding or subtracting different elements in any of them. Therefore, Moon Travel can build other scenarios based on the suggested method shown in this thesis. It will help the company to understand the financial management of the Tourest more clearly. For example, Moon travel can build different scenarios and do sensitivity analysis to figure out how different amount of sponsorships affects the breakeven target. Besides, if Moon Travel

experiences any difficulty in figuring out its priorities, it can always use the profit multipliers to figure out the most important variables on which it should focus on. It will certainly help the case company to reduce the risk level of making losses.

One of the effective ways to evaluate the success of Tourest is to benchmark the achievements with the predetermined criteria. After a certain period of time of attending Tourest, Moon Travel can compare the actual expenses and revenues with the estimated expenses and revenues of this thesis. When Moon Travel will attend the Tourest for the second time, it can benchmark the estimated expenses and revenues against those incurred in the first time. Some of the notable parametric method for benchmarking travel trade fair are cost per client, hit rate, percentage of leads converted into sales, average revenue per inquiry and so forth.

Last but not least, the success in terms of profits may not come easily in the first attempt. If Moon Travel can foresee the potentiality or other qualitative benefits, it must try to keep up attending Tourest in the following years as well. As one interviewee stated, most companies start with small and it takes years to make networks and connections in order to achieve the desired success. The process is described through Figure 8.

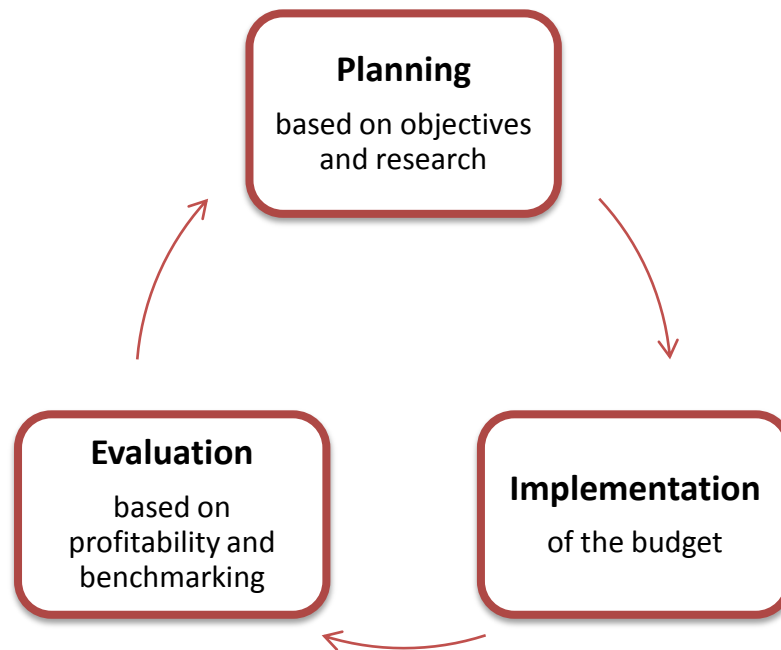


Figure 8. Continuous development can enhance the effectiveness of financial management process of the Tourest for Moon Travel (Allen et al. 2008, 535)

5.3 Research gap and limitations

Although the author tried his best to justify all the arguments and to estimate the numbers based on logical thinking and reliable sources, this thesis has naturally some gaps and limitations like all other researches. The author encountered few of them and they are stated below.

This thesis provides a projection of financial management perspective of attending Tourest which is subject to change in practice.

The author didn't find any article or study that contains information about the industry average for different variables for the travel trade fair. Therefore, the author had to estimate the whole budgeting process and ROI calculation based on logical thinking and educated guess, which may vary if the same research is done by another person.

The estimation of the stand cost is done based on Tourest 2014 which may be different for Tourest 2015 or for the later years.

The costs can be different in reality because the author didn't have opportunity to ask Moon Travel about the specification of every cost. Besides, Moon Travel can have good connections with suppliers who can supply, for example, promotional materials and gifts in much cheaper price than estimated. Then, it will also change the whole scenario of breakeven and profit sensitivity analysis calculation.

Moon Travel couldn't provide any information about the sales ratio between hotels rooms, holidays and air tickets. So, it was not possible to show the breakeven based on the number of units for each product line, which could have provided different perspective for the breakeven targets.

A profit sensibility analysis with more complicated scenarios would have added values to this research. However, the author kept limited number of scenarios in order to make it easy for Moon Travel to follow.

The revenue generation shown in different scenarios is based on logical reasoning provided that Moon Travel will perform its best to achieve them. However, there are external factors that may also affect the influx of revenues from the customers or potential business partners in the real event.

5.4 Reliability and validity of the study

The author took all necessary cautions in order to maintain the reliability and validity of this thesis. The author used large number of academic books and journals mostly written by well-known writers in the relevant field. The author used many appropriate theories and models that helped the thesis to keep its focus and to research the prospective problem. Besides, the author also did a great deal of self-study about the Tourest and travel trade fair in general. It helped the author to understand the budget development of travel trade fair, which alternatively helped to comprehend the financial management perspective of the Tourest.

As this study involved several estimations regarding the budget development process and post-event evaluation method, the author had to use many external internet

sources to support them. In this case, the author used the most accredited and popularly used internet sites in order to maintain the reliability and validity of the information. The author also tried to be honest and avoid biasness while picking up information.

As for the interviews, the author interviewed 6 people mostly from the travel or relevant industries. All of them had over 12 years of professional experience and were/are directly involved in the decision making process in the trade fair. The author followed a common questionnaire while interviewing them. The author observed that the information received from the interviewees developed similar patterns. Hence, the author strongly believes that the results of this thesis are undoubtedly reliable and valid; and can be applied in real business practice by Moon Travel.

5.5 Self-learning evaluation

The author developed numerous skills, gathered knowledge on the particular topic and encountered diverse experience throughout the thesis writing process. One of the noteworthy skills was the capability of selecting a well demarcated thesis topic. In the beginning, the author came across with numerous books and articles with numerous theories and model. However, the author learned that not all the information is valid for this particular research. During the thesis writing process, the author learned how to search relevant information out of vast information pool. Couple of times, the author had to rephrase an existing theory in order to make it adaptable with the research problem. The author also had to follow certain procedures and guidelines like seminars, advising sessions, method workshop etc. while writing this thesis. They were certainly a great experience for the author. Without having them, the writing of this thesis would never be the same.

Another interesting and very particular skill that the author developed during this thesis writing process was interviewing. The author had to develop the questionnaire; meet and interview potential interviewees; transcribe interviews into texts; categorize and summarize information in order to get valuable findings to the research problem.

The author observed that he had developed versatile kind of skills only through single interviewing process.

In a nutshell, the author enhanced his project management skills. Never before had the author any experience to deal with such big project. After the successful completion of writing this thesis, the author evaluated that he had learned time management and prioritizing issues to get things done on time. Other learning and developments were focusing on the problem, paraphrasing, summarizing, developing appropriate concept based on available theories and models and so forth.

5.6 Potential future development

The author researched the financial management perspective of participating in the Tourest based on several estimations since Moon Travel have not participated in the Tourest by the time the thesis was completed. Hence, there is a possibility for Moon Travel to conduct a new research regarding the cost variance analysis after the company has attended the Tourest. This analysis will compare, contrast and weigh between the actual costs and the estimated costs of the Tourest travel trade fair participation so that Moon Travel can do better projections about the costs for the upcoming Tourest or other travel trade fairs. Besides, there is also a great need for Moon Travel to accurately measure the revenues that would generate throughout a particular time frame after attending the Tourest travel trade fair. The cost-benefit analysis of Tourest and similar travel trade fairs is also an interesting topic to be carried out as potential future development. Further, more specific studies like profit oriented financing, managing sponsorships, and optimizing costs for the Tourest can also be carried out. In any case, this thesis will certainly work as a great foundation for any potential event management research for Moon Travel from the financial management point of view.

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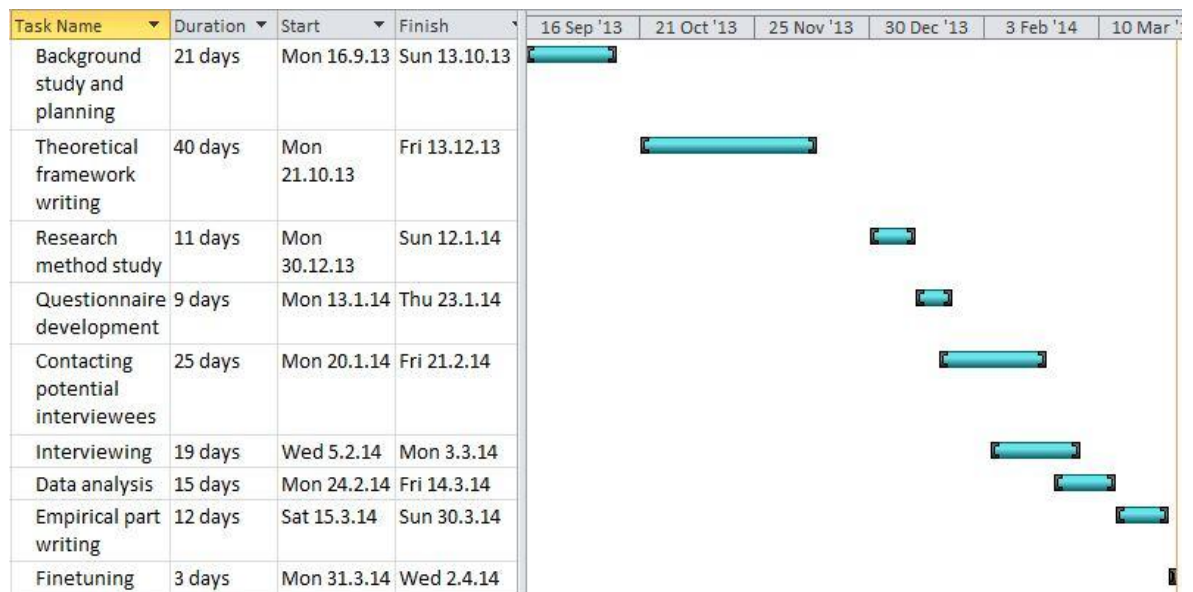
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Attachments

Attachment 1. Thesis writing timeline (Gantt chart)



Attachment 2. Interview questionnaire

Justification of attending trade fair

1. What were the important factors that motivated your company to participate in the international travel trade fair?
2. In general, how can a company determine whether it's time to exhibit its products or services in the international trade fair?
3. How much has the advancement in technology and social media changed the need of being at travel trade fair for companies in your industry?

Funding & Revenue

1. According to your experience and knowledge, is there any non-governmental or governmental sponsorship available for Finnish/Estonian companies to encourage them for participating in the international travel trade fair?
2. What are the ways for an exhibitor to generate in-spot revenues in order to trade-off the cost of trade fair attendance?

Budgeting

1. There is no doubt that spending insufficient or excessive resources hamper the overall objectives of attending trade fair. What aspects should a company consider to optimally determine the budget for international trade fair?
2. Considering the expenses, what are the differences between attending a travel trade fair in home country and in abroad?

Measuring return on investment

1. As we know, attending trade fair doesn't generate instant revenue but brings future business. So, how can a company distinguish between the sales resulted from attending trade fair and the sales from normal activities?
2. What is the correct or recommended method to measure the success of international trade fair?

Attachment 3. Description of interviewees

Interviewee	Designation	Years of professional experience	Date of interview	Duration of interview (Approx.)
Interviewee 1	Marketing Director (Travel and tour)	+15 years	05.02.2014	40 min
Interviewee 2	Managing Director (Travel and tour)	17 years	11.02.2014	40
Interviewee 3	Entrepreneur; and Former Director (Construction)	+25 years	26.02.2014	45 min
Interviewee 4	Head of Communication and CSR (Travel and tour)	23 years	26.02.2014	40 min
Interviewee 5	Entrepreneur (Event management)	12 years	29.02.2014	35 min
Interviewee 6	Managing Director (Hotel and leisure)	26 years	03.03.2014	Email interview

Attachment 4. Stand cost based on specific requirement

1. Exhibition space only* (86 EUR/m²)
*Includes rent of space, general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, non-refundable participation fee. No partition elements included. Installation of electrical devices have to be ordered additionally by the Exhibitor and will be added to the cost.
2. Standard stand, no equipment** (113 EUR/m²) - 9m², 12m², 15m²(min)
**Includes rent of space, walls, fascia with exhibitor's company name (max.20 letters H 10cm), gray carpeting (different color for extra charge), spotlights (1p/3m ²), general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, EU standard plug socket 220V,1,0kW + electricity during the exhibition, non-refundable participation fee.
3. Standard stand, no equipment** (108 EUR/m²) - 16m², 18m², 20m², 24m²
**Includes rent of space, walls, fascia with exhibitor's company name (max.20 letters H 10cm), gray carpeting (different color for extra charge), spotlights (1p/3m ²), general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, EU standard plug socket 220V,1,0kW + electricity during the exhibition, non-refundable participation fee.
4. Standard stand with basic equipment*** (123 EUR/m²) - 9m², 12m², 15m² (min)
***Includes rent of space, walls, fascia with exhibitor's company name (max.20 letters H 10cm), gray carpeting (different color for extra charge), spotlights (1p/3m ²), table Ø 70 cm, 3 plastic chairs, 1 bar stool, info counter without doors, waste paper basket, general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, EU standard plug socket 220V,1,0kW + electricity during the exhibition, non-refundable participation fee.
5. Standard stand with basic equipment**** (116 EUR/m²) - 16m², 18m², 20m², 24m²
**** Includes rent of space, walls, fascia with exhibitor's company name (max.20 letters H 10cm), gray carpeting (different color for extra charge), spotlights (1p/3m ²), table Ø 100 cm, 4 plastic chairs, bar stool, info counter without doors, waste paper basket, general lighting, gangway cleaning, stand cleaning before opening of the fair, general security, EU standard plug socket 220V,1,0kW + electricity during the exhibition, non-refundable participation fee.
○ 1 side open
○ 2 sides open (up from 12 m2) + 15%
○ 3 sides open (up from 18 m2) + 15%
○ 4 sides open (up from 48 m2) + 10%

Attachment 5. List of all possible costs for Tourest

ADMINISTRATION	First aid	Cash and cheque
Office rental	Tents	Audit
Fax/photocopy	Tables	CLEANING
Computers	Chairs	Before
Printers	Wind breaks	During
Telephone	Generator	After
Stationary	Technicians	TRAVEL
Postage	Parking needs	Artists
Office staff	Uniforms	Freight
PUBLICITY	SALARIES	ACCOMMODATION
Artwork	Coordinators	Hotels
Printing	Artists	DOCUMENTATION
Poster and leaflet	Laborers	Photo
Press kit	Consultants	Video
Press ads	INSURANCE	HOSPITALITY
Radio ads	Public liability	Tent
Programs	Workers compensation	Food
VENUE	Rain	Beverage
Hire	PERMITS	Personnel
Preparation	Liquor	Invitations
EQUIPMENT	Food	COMMUNITY
Stage	Council	Donations
Sounds	Parking	VOLUNTEERS
Lights	Childcare	Food and drink
Transport	SECURITY	Party
Personnel	Security check	Awards and prizes
Toilet	Equipment	
Extra equipment	Personnel	
Communication	ACCOUNTING	